

UINTAH BASIN

By Pamela Ostermiller

Energy and Tourism Fueling Growth

FAST FACTS:

Counties: Daggett, Duchesne

Major Cities: Manila (302), Roosevelt (4,437), Duchesne (1,454)

Regional Civilian Labor Force: 6,884

Per Capita Income: \$25,784 (Daggett), \$15,913 (Duchesne)

Top Private-Sector Employers: Flaming Gorge Lodge, Uintah Basin Telecommunications Association, Second Nature Therapeutics

Average Sale Price of Homes, Third Quarter 2004:

Uintah Basin \$145,832



From the shores of Flaming Gorge to Main Street Roosevelt, the Uintah region relies primarily on two things for economic development: oil and oil. Of course, it's not that simple, but much of the growth in the region's three counties—Uintah, Duchesne and Daggett—is either directly or indirectly related to the oil industry and is effected by whether it is booming or busting.

This new era of high production has introduced more than new jobs to the fossil-rich valley; the jobs encourage spending, recreation and construction, and the prosperity is evident in the cars people are driving and the clothes they are wearing. Moving into the autumn of 2005, economic developers are encouraged by what they see and how some of their plans are playing out.

UINTAH: BRACING FOR A BOOM

Uintah County is serving Thanksgiving dinner and everybody wants a seat at the table. Bill Johnson, the county's economic development director, has

his hands full leading tours for countless reporters from across the nation, developers wanting their own piece of the bird, even the governor. "For the first time in history, the governor and his entire cabinet came here," says Johnson. "Why? Because Uintah County is an important economic engine, nationally and internationally important, energy-wise. We have the potential to surpass the Saudi Peninsula in fossil fuels."

But why now? Simple economics. Oil is at \$60 per barrel, too much for "everybody that wants lights and SUVs and to drive all over creation," Johnson says. Until oil prices skyrocketed into the stratosphere, the tar sands and oil shale reserves—more expensive to drill and process—had not proven economically feasible. "Now, it's realistic."

While Uintah County leaders and industry watchers knew the boom was coming, it is forcing all municipalities to turn their focus to infrastructure and to develop plans that provide housing, water and sewer systems, and the workforce to fuel

the needs and growth of gas and oil production. "That's the bad part of growth," says Johnson. "You've got to start spending millions on infrastructure." Housing permits are up from 2004, from five to 41, with construction values up 2204.4 percent. Overall taxable sales, in the fourth quarter of 2004, posted a 37.7 percent increase over the same quarter in 2003, according to the Utah Department of Workforce Services. And after adjusting for inflation, wages are up 6.7 percent.

Uintah County has been down this road before, and planners know that the key to long-term growth is a diversification of the cogs of the economic engine, which cannot run on oil alone. "Yes, the energy sector is fantastic," says Johnson, "but it's a cyclical business. The biggest thing to stay focused on is diversity." It's necessary to have additional value-added industries and businesses that contribute to overall prosperity.

When developers look at a city or region as a potential area for investment, they look at certain factors. What is the climate for development? What kinds of educational opportunities and medical facilities are available? What kind of support is there from the civic leaders? Is there a workforce? And is there adequate infrastructure, including transportation and technology? Uintah has gained a lot of ground on many of these fronts.

Johnson says that an important advancement for the county, which is relatively isolated from much of the state, is that they are close to fiber redundancy, thanks to the endeavors of the UBTA-UBET, formerly known as the Uintah Basin Telephone Association. In 2001, UBTA-UBET Communications acquired the Roosevelt, Vernal and Duchesne exchanges from Qwest and now serves the entire Uintah Basin, growing from 750 customers in 1953 to 30,000 customers today, employing 145 people and providing services that weren't available through Qwest because of issues of access or cost.

In Uintah, educational opportunities and creating an adequate, skilled workforce go hand in hand. For the past 10 years, says John-

son, the county has sought funding from the state to construct a shared building for the existent branch of Utah State University and the Utah College of Applied Technology. Currently UCAT is located in five trailer units and has been ready to expand for a decade. "We have a demand and a need for training here, and the potential for great educational opportunities such as archeology, paleontology, agriculture, and in oil and gas," says Johnson, "But, UCAT has always been somewhat of a red-headed stepchild." There has never been the funding available for a UCAT building. This year, however, Johnson hopes the millions of dollars the state receives in severance taxes from the oil and gas industry will encourage the legislature to acquiesce and provide the county with the \$14 million it needs.

Overall, Uintah County has the growing availability of real quality of life, spurred by the boom in oil and gas and fueled by a desire for diversification. The region still has a small-town atmosphere and is surrounded by unbeatable recreational opportunities. The region is the birthplace of modern river rafting. It remains to be seen if the economy can ride out the rapids of the next few years and find stable waters beyond the oil and gas boom.

DUCHESNE: RETIRES AND RECREATION

It's always a pleasure to speak with economic developers because no matter the circumstances, they are generally positive about the goings on in their counties and the plans they are hatching. With Irene Hansen of Duchesne County, it is no different, but this year you could hear her huge smile over the phone. "We're eating steak and getting our hair cut. It's happy days in the Basin!"

Along with southern Utah's Washington County, Duchesne was rated among the top five best rural communities for retirement in the College of Colorado's State of the Rockies Report Card. This is telling because attracting retirees has been a large part of the county's economic development plan. Duchesne is appealing because of its low cost of living, open

space, recreation, opportunities for development, excellent health care facilities and, being located on the eastern edge of the Uintah Basin, it is close to the Wasatch Front—only two hours from Salt Lake City.

But the most significant change in the past year, Hansen says, is the upswing in the oil and gas industry. "Duchesne is the No. 1 oil-producing county," she says, and the boom has boosted wages and the quality of life tremendously. The average wage outside of oil and gas is \$2,000 per month, but income from oil and gas jobs is about \$4,500 per month. "These jobs provide good benefits and allow our people to go on vacation, go to college, just visit the dentist," Hansen says. "It's fun to see the look of prosperity on our people. After 20 years of recession, our whole region is starting to thrive."

As in Uintah County, the growth brings the bad with the good. While wages are up, unemployment is down and sales taxes numbers are red-hot, the county must plan ahead to be able to survive hard times and take action by building infrastructure and diversifying the economic base. But true to form, Hansen remains positive: "I'll take the pains that come with prosperity rather than the pains that come with poverty."

The real estate market and residential construction are seeing significant changes. The county saw a 9.4 percent increase in the value of housing permits since the fourth quarter of 2003, according to the Utah Department of Workforce Services. Regarding market values, Hansen's own house is a good example of the roller coaster the county has ridden. Purchased in 1979 for \$65,000, it was appraised at only \$25,000 in 1989, in the midst of the recession. Today it is valued between \$150,000 and \$175,000. In nearby Roosevelt, the main street is undergoing a major \$5 million facelift, hoping to revitalize the area. One realtor has already purchased and gutted an old building, creating a showpiece in hopes that others will follow. "They are happy to welcome professionals to move in," says Hansen. "If one person is willing to do that, it kind of catches on."



Uintah County has the growing availability of real quality of life, spurred by the boom in oil and gas and fueled by a desire for diversification.

DAGGETT:

TOURISM MAKING A COMEBACK

Unlike Duchesne and Uintah counties, Daggett is not a major recipient of the oil and gas booty. However, as mentioned above, the growth in the neighboring areas does tend to flow through Daggett and trickle down from Sweetwater County, Wyo., an adjacent area where the drilling and mining industries are strong. Daggett benefits by welcoming nearby residents with oil money in their pockets to come, relax and recreate.

Tucked in the eastern corner of the state, tiny Daggett County is almost one-third Flaming Gorge National Recreation Area, which means that of the approximately 500 employable residents, most work for the government in land management or in some kind of tourism or service industry. Hence, if tourism is down, everything plummets, as it did a few years ago when wildfires destroyed thousands of acres of forest surrounding the gorge. At the end of 2004, as jobs dropped slightly and taxable sales were down, county

leaders looked forward to the summer, to see if the tourists would come through. And they did.

"Tourism has been very good," says County Commissioner Craig Collett. "Most businesses say it's the best it's been in five years. We're feeling very encouraged." This year the county hosted its first annual Flaming Gorge Palisades 10K run and had 60 participants. Collett says they received some positive feedback and expect that event to grow. Already full of scenic byways and backways, the county is also in the midst of the application process to have a major highway be designated a Great American Road, which should attract additional travelers.

On a smaller scale, Daggett County is building up infrastructure while times are good. A three-mile sewer line that will extend into the west end of Manila, the county seat, will provide commercial and residential construction opportunities. "It's not really taking off," says Collett, "but it's growing."

Already full of scenic byways and backways, Daggett County is also in the midst of the application process to have a major highway be designated a Great American Road, which should attract additional travelers.



S O L U T I O N S |



Battelle technology is helping government and industrial customers worldwide solve problems—from identifying emission sources that help states comply with current clean air regulations to developing advanced treatment therapies for respiratory and systemic diseases to verifying commercial contaminant detection devices for homeland security. But that's just for starters. Battelle scientists and engineers deliver practical solutions to more tough technical problems than we have room to list. And our unique management relationship with five of the country's preeminent DOE national laboratories opens doors to expertise that other companies only dream about.

Call us. We want to help you solve your problem.

• Contract R&D • Lab Management • Commercialization

Battelle Salt Lake City, 4225 Lake Park Boulevard, Suite 200, West Valley City, Utah 84120, 801-955-9800, www.battelle.org